

**Department of Management and Budget  
Acquisition Services**

**Report of Proposed Changes in Excess of \$500,000  
To Current Contracts for Computer Software Development,  
Hardware Acquisition, or Quality Assurance**

Sec.710 of Public Act 327 of 2004

(March 1, 2005)

Questions regarding this report may be directed to Tony DesChenes, 517-373-9417

January 21, 2005

**BID TABULATION AND RECOMMENDATION FOR AWARD  
DEPARTMENT OF MANAGEMENT AND BUDGET  
ACQUISITION SERVICES**

**CONTRACT DESCRIPTION:** 071B1001619 - San Equipment and Support -  
Department of Information Technology - Data Center  
Operations

**CONTRACT PERIOD -**

**BASE YEAR(S):** 6/8/01 Through 6/07/05 (4 Years)

☒ - **OPTION 1** 6/8/05 Through 6/7/07 (2 Years)

☐ - **OPTION 2** N/A

☐ - **OPTION 3** N/A

**CONTRACTOR:**  
EMC Corporation, Livonia, MI

**INCREASE**  
\$6,879,083.00

☒ - **Check if a Michigan-based Business**

☒ - **Check if AS1 received by Acquisition Services and reviewed by DMB**

☐ - **Check if request is to extend contract (no option in base contract) - Time period of extension:**

☐ - **Check if extension request is beyond option year(s) - Time period of extension:**

**FUNDING SOURCE:** 100% DIT Revolving Funds.

**PURCHASE JUSTIFICATION:**

**Description of Product Service Requested:** The Data Center Operations (DCO) of the Department of Information Technology (DIT) is currently paying on five lease purchase agreements for SNAP storage units manufactured by EMC. As the leases for the existing equipment are paid off, DCO is planning a technology refresh to upgrade these units to higher capacity units.

**Purpose/Business Case of New Contract, Amendment, or Extension and Expected Outcomes:** The original request included rolling the old equipment into new lease purchase agreements with the upgraded, higher capacity equipment, to be paid over the next three years. Through negotiations, the State has pursued an alternative. The existing lease/purchase agreements will be allowed to expire with corresponding implementation schedules for the replacement equipment occurring concurrently. This allows the State to avoid the necessity for paying maintenance on the old equipment, moving to the new equipment without interest payments on a lease/purchase agreement, and eliminating the

necessity for paying another three years of finance charges on old equipment through a lease re-cast. The technology refresh implementation will be conducted in two phases, the first scheduled for completion in July of 2005. With evaluation, testing and acceptance to occur after implementation and a net 30 term following invoicing, the 2005 expenditure is only a month away from the 2006 fiscal year. EMC has agreed to extend Phase I payment to the 2006 fiscal year for this phase. The Phase II segment will be completed in June, 2006, the State and EMC have agreed to pursue the possibility of transitioning the 2006 payment into 2007, without interest payments as well.

**Commitment:** Firm, fixed pricing, with Phase I delayed to two months following acceptance, moving payment to 2006. Firm, fixed pricing for Phase II, paid net 30 upon system acceptance (with possible extension of payment to 2007).

**Risk Assessment:** Failure to provide this technology refresh could result in complete exhaustion of existing data storage capacity, which in turn could result in data loss. These storage units house data for Family Independence Agency's, Child Support Enforcement System (CSSES), DIT's, Management Accounting Information System (MAIN), and other critical agency applications.

**Cost Reduction Consideration:**

**A. Negotiated Savings:** Negotiated reductions include: \$235,000.00 purchase for a Centera archiving solution budgeted for Family Independence Agency, rolled in at no extra cost, \$2,039,064.00 annual savings in budgeted dollars via negotiated hardware and services price reductions, and deferment of Phase I cost (\$2,153,430.00) to the 2006 fiscal year.

**B. Cost Avoidance:**

**C. Total Savings:** 4,427,494.00 - 48% for 2005, and \$2,039,064.00 for 2006.

**PRICE CLAUSE:** Prices shall remain firm for the duration of this contract agreement.

**CS-138:** NJ

**ORIGINAL CONTRACT AMOUNT:** \$4,309,344.00

**CURRENT CONTRACT AMOUNT:** \$8,253,712.00

**PROPOSED AMENDMENT INCREASE AMOUNT:** \$6,879,083.00

**PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT:** 160%

**PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT:** 83%

**ESTIMATED 05 FISCAL YEAR INCREASE: \$0.00**

**NEW TOTAL CONTRACT COST: \$15,132,795.00**

☒ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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**INFORMATION BELOW THIS LINE FOR INTERNAL USE ONLY**

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**Buyer Signature**

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**Manager Signature**

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**Division Director Signature**

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**Acquisition Services Director Signature**

January 31, 2005

**BID TABULATION AND RECOMMENDATION FOR AWARD  
DEPARTMENT OF MANAGEMENT AND BUDGET  
ACQUISITION SERVICES**

**CONTRACT DESCRIPTION:** 071B3001292 - Vegetative Management System -  
Department of Information Technology

**CONTRACT PERIOD -**

**BASE YEAR(S):** 4/23/03 through 9/30/09 (6 Years)

☐ - **OPTION 1** N/A

☐ - **OPTION 2** N/A

☐ - **OPTION 3** N/A

**CONTRACTOR:**  
Symbiosis International, Okemos, MI

**INCREASE**  
\$877,502.00

☒ - **Check if a Michigan-based Business**

☒ - **Check if AS1 received by Acquisition Services and reviewed by DMB**

☐ - **Check if request is to extend contract (no option in base contract) - Time period of extension:** N/A

☐ - **Check if extension request is beyond option year(s) - Time period of extension:** N/A

**FUNDING SOURCE:** 100% Forest Development Funds

**PURCHASE JUSTIFICATION:**

**Description of Product Service Requested:** To obtain analysis, design, construction, implementation, user training, support and ongoing maintenance and enhancement services for the internet and intranet-based Vegetative Management System (VMS).

This amendment will add \$877,502.00 to the current contract to define and finish the fourth (4th) phase of the project. Per the contract, the State has identified six (6) phases for completion of the entire project.

**Purpose/Business Case of New Contract, Amendment, or Extension and Expected Outcomes:** When the entire project is completed, the Department of Natural Resources (DNR) will have a secure environment in which pre-qualified timber sales contractors will be allowed to bid on-line and the DNR will be able to make awards via the internet. The DNR stands to gain great efficiencies in the ongoing administrative processes with the completion of this project.

**Commitment:** This is a fixed price contract.

**Risk Assessment:** Without this amendment the project cannot be finished and the State would not have a usable system.

**Cost Reduction Consideration:**

**A. Negotiated Savings:**

**B. Cost Avoidance:**

**C. Total Savings:**

**PRICE CLAUSE:** Prices are in accordance with the original contract.

**CS-138:** N/A

**ORIGINAL CONTRACT AMOUNT:** \$470,540.00

**CURRENT CONTRACT AMOUNT:** \$1,651,446.00

**PROPOSED AMENDMENT INCREASE AMOUNT:** \$877,502.00

**PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT:** 186%

**PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT:** 53%

**ESTIMATED 05 FISCAL YEAR INCREASE:** \$877,502.00

**NEW TOTAL CONTRACT COST:** \$2,528,948.00

☒ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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**Manager Signature**

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**Division Director Signature**

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